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UNCLAS BAGHDAD 003132

SIPDIS

SENSITIVE

PLEASE PASS TO EB WAYNE, NEA: GODEC AND NEA/I SILVERMAN;
COMMERCE FOR PETER HALE; JUSTICE FOR GENERAL COUNSEL'S
OFFICE

E.O. 12958: N/A

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SUBJECT: IRAQ TRADE MINISTER DECIDES NOT TO REQUIRE ARAB
LEAGUE BOYCOTT DECLARATION FOR FOREIGN INVESTORS

11. (SBU) On July 28, acting ECON Counselor, accompanied by IRMO senior consultant and IRMO technical management consultant, expressed USG concerns over the Ministry of Trade's imposition of an Arab League Boycott declaration on foreign investors in Iraq. GOI Minister of Trade Abdel Basset Karim told us that in fact he had instructed all the Director Generals in the Ministry of Trade not/not to ask any company interested in doing business in Iraq whether or not they dealt with Israel. He acknowledged that as recently as one and half months ago his Ministry had asked for this information but that is no longer the case.

12. (SBU) When pressed, Karim stressed that he had decided--as Embassy has underscored with the ITG--that Iraq has no law that requires the Ministry of Trade to enforce the Arab League Boycott (ALB). He emphasized the businesses would not be required to make a boycott declaration and he welcomed foreign investors to come to Iraq. Karim told us that he understood the importance of this issue for the US and he acknowledged WTO membership implications for Iraq if they enforce the Arab League Boycott.

13. (SBU) We briefed Pepsico VP for International Government Affairs, Elizabeth Avery (based at Pepsico HQ in NY). She said that this was good news indeed. We discussed Pepsi's other problems in Iraq -- difficulties of trademark protection and the fact that nearly half of the Pepsi product sold in Iraq is counterfeit. Embassy will continue to press with Ministry of Industry steps on trademark registration and protection.

14. (SBU) Comment: Corrective action by the Minister of Trade on boycott enforcement is a major step. We will stay in close contact with Pepsico and other US companies to ensure that the boycott issue is, in fact, resolved. End Comment
Khalilzad